

Message Text

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11

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EUR-12

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 XMB-02 FRB-03 IO-10 IGA-01 /103 W

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P R 060350Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 4687

INFO AMEMBASSY BANGKOK

AMEMBASSY TOKYO

AMCONSUL UDORN

DEPCHJUSMAGTHAI/USDAO/UDORN

C O N F I D E N T I A L SECTION 1 OF 2 VIENTIANE 4702

BANGKOK FOR USAID/LAOS RESIDUAL STAFF

E.O. 11652: GDS

TAGS: EAID, LA, US

SUBJ: FEOF NEGOTIATIONS: JULY 4 DAB MEETING

REF: A. STATE 158209 (NOTAL)

B. VIENTIANE 4658

SUMMARY: BRITISH REP TOLD DONOR ADVISORY BOARD MEETING
JULY 4 TJNT LONDON HAS AUTHORIZED SIGNATURE ON BASIS U.S.
MODIFICATIONS PROVIDED OTHER CONTRIBUTORS SIGN ALSO.
JAPANESE WERE STILL WITHOUT INSTRUCTIONS, AND THEIR POSITION
WILL DETERMINE WHETHER AGREEMENTS ARE SIGNED OR NOT.
AUSTRALIAN INSTRUCTIONS WILL APPARENTLY BE DELAYED BEYOND
JULY 11 TARGET DATE, BUT THERE IS PRECEDENT FOR LATE SIG-
ING. STRONGLY RECOMMEND EMBASSY BE AUTHORIZED IN ADVANCE
TO STATE, IF JAPANESE COME ON BOARD, THAT WE WILL SIGN
(NOT MERELY "CONSIDER SIGNING"), WITH REFERRAL TO DEPT
REQUIRED ONLY IN EVENT OF SUBSTANTIVE TEXTUAL CHANGES
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(NONE ARE NOW ANTICIPATED). END SUMMARY.

1. AT FEOF DONOR ADVISORY BOARD (DAB) MEETING JULY 4, LAO CHAIRMAN CALLED ON BRITISH REP FIRST. HE STATED THAT HMG RECOGNIZES IMPORTANCE OF AID TO LAOS IN COUNTRY'S PRESENT ECONOMIC STATE AS PORTRAYED BY IMF FIGURES PRESENTED AT PREVIOUS MEETING (REF B). UK THEREFORE IS PREPARED TO SIGN ON BASIS OF TEXT AS MODIFIED BY USG, AND FOR SAME AMOUNT AS IN 1974, PROVIDED THAT OTHER DONOR-COUNTRIES SIGN ALSO. (PROVISION ABOUT 50 PERCENT CONTRIBUTION WITH 15 DAYS AND REMAINING 50 PERCENT AFTER REVIEW, REPORTED REF A, APPLIES TO ALL DONORS EXCEPT OF COURSE USG.)

2. JAPANESE REP, NEXT TO BE POLLED, SAID HE HAD RECEIVED TELEGRAM FROM TOKYO NIGHT BEFORE WHICH STATED THAT GOJ VIEWED PGNU'S SITUATION WITH MUCH SYMPATHY AND STILL HAD FEOF QUESTION UNDER ACTIVE STUDY. NISHIYAMA STATED PERSONAL HOPE THAT INSTRUCTIONS WHEN FINALLY RECEIVED WOULD BE CONSTRUCTIVE. HE NOTED THAT DIET SESSION WOULD END THAT DAY, SO CABINET MINISTERS SHOULD HAVE MORE TIME TO CONSIDER MATTERS SUCH AS FEOF. HE EXPECTS INSTRUCTIONS EARLY IN WEEK WHICH, IF FAVORABLE, WOULD ALLOW HIM TO COMMIT JAPAN TO SIGNATURE, WITH FINAL CONFIRMATION TO FOLLOW FROM JULY 11 MORNING CABINET MEETING, THUS PERMITTING SIGNATURE SAME AFTER-NOON IN VIENTIANE.

3. FRENCH REP CONFIRMED THAT HIS POSITION WAS AS PREVIOUSLY STATED (REF B), PROVIDED USG ALSO SIGNS. WERE ANY ONE DONOR UNABLE TO SIGN, HOWEVER, HE WOULD HAVE TO GO BACK TO PARIS FOR NEW INSTRUCTIONS. (UK REP CHIMED IN THAT HIS POSITION WAS IDENTICAL.)

4. US REP PREFACED REMARKS BY RECALLING HIS OPENING STATEMENT OF JUNE 30 AND SAID CONDITIONS DESCRIBED THEN HAD NOT YET CHANGED, CITING INCIDENT PREVIOUS DAY IN WHICH ACTING PAO WAS THREATENED WHEN HE SOUGHT TO CHECK OUT GOVERNMENT SPOKESMAN'S PUBLIC STATEMENT THAT OCCUPATION OF USIS HAD ENDED. US REP THEN STATED THAT HIS INSTRUCTIONS HAD NOT CHANGED, I.E., THAT US

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WAS STILL "PREPARED TO CONSIDER SIGNING" ON BASIS OF TEXTUAL MODIFICATIONS WE PRESENTED JUNE 25.

5. AUSTRALIAN ALTERNATE REP SAID HE STILL AWAITED INSTRUCTIONS AND THOUGHT HE MIGHT NOT RPT NOT GET THEM IN FINAL FORM BY JULY 11; FOREIGN MINISTER WAS TRAVELING OUTSIDE AUSTRALIA, AND AFTER HE WAS CONSULTED CABINET AND EXECUTIVE COUNCIL WOULD STILL HAVE TO REVIEW. HOW-

EVER, HE BELIEVED FONMIN'S APPROVAL IN PRINCIPLE WOULD COMMIT GOA EVEN IF GOA COULD NOT SIGN JULY 11. (HE NOTED THAT GOA HAD ALREADY CONSULTED ON SUBJECT IN LONDON AND PARIS AND WAS STILL TALKING TO GAIMUSHO. HIS IMPRESSION WAS THAT CANBERRA'S ATTITUDE WAS GENERALLY POSITIVE PROVIDED ALL OTHER DONORS WERE PREPARED TO SIGN.)

6. VETERAN DAB REPS RECALLED THAT THERE IS PRECEDENT FOR DELAYED SIGNING BY ONE OR MORE DONOR-COUNTRIES; 1974 WAS FIRST YEAR SINCE JAPAN JOINED FEOF THAT IT HAD SIGNED ON SAME DATE AS EVERYONE ELSE. CONSENSUS WAS THAT SIGNATURE SHOULD THUS BE POSSIBLE JULY 11 PROVIDED JAPANESE EMBASSY RECEIVED AUTHORITY.

7. LAO CHAIRMAN-OF-MONTH BOUNSOUANE THEN STATED THAT SECSTATE FOR FINANCE BOUTSABONG SOUVANNAVONG HAD ASKED HIM TO CONVEY TO ALL DAB REPS PGNU'S HOPE THAT EARLY SIGNATURE WOULD BE POSSIBLE. BOUNSOUANE WENT ON TO DELIVER, RATHER INAUDIBLY, A FEW FIGURES WHICH NO ONE ELSE PRESENT CAUGHT IN THEIR ENTIRETY. AFTER COMPARING NOTES WITH OTHER REPS, US REP BELIEVES BOUNSOUANE SAID FEOF BALANCES HAD DECLINED FROM \$1.080 MILLION AT COB JUNE 27 TO \$802,000 AT COB JULY 3, AND THAT AS COUSE-QUENCE OUTSTANDING CLAIMS HAD DROPPED ACCORDINGLY AND DEFICIT WAS NOW REDUCED TO AROUND \$300,000. HE ALSO SAID HE HAD NEW FX SALES APPLICATIONS IN AMOUNT OF \$250,000 -- PRIMARILY IF NOT EXCLUSIVELY FROM SHELL FOR POL -- AWAITING HIS APPROVAL.
CHAPMAN

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